

Conflicts of Interest Statement

1. Introduction and Scope

This document describes BMO Private Investment Counsel Inc.'s (**we, us** or **our**) Conflicts of Interest as required by applicable securities laws.

2. Identifying and Addressing Conflicts of Interest

A conflict of interest may arise where: (i) our interests, including those of our Investment Counsellors, and your interests as our client (**you** or **your**) may be inconsistent or different, or (ii) you may perceive us to be influenced to put our interests ahead of yours, or (iii) monetary or non-monetary benefits available to us, or potential negative consequences for you, may affect the trust you have in us.

We and our Investment Counsellors address existing or reasonably foreseeable material conflicts of interest with you in your best interest. If a conflict cannot be so addressed, it is avoided.

Whether a conflict is "material" or not depends on the circumstances. In determining whether a conflict is material, we typically consider whether the conflict could reasonably be expected to affect the recommendations or decisions made for your account in the circumstances.

When addressing material conflicts of interest, our Investment Counsellors' conduct and business activities are expected to follow our Code of Conduct (**Code**) and applicable securities laws, as set out in relevant policies and procedures so that our relationship with you is managed fairly, honestly and in good faith.

Existing or reasonably foreseeable material conflicts of interest are as follows:

2.1 Membership in BMO Financial Group

We are a member of BMO Financial Group, a highly diversified financial services provider based in North America. We and our affiliated financial services firms are wholly-owned subsidiaries of our parent, Bank of Montreal. In the course of providing services to you, we may enter into transactions with, or accept services from, other members of BMO Financial Group, including but not limited to those described in this Conflict of Interest Statement. We may earn revenue from our affiliates, which may be seen as involving a conflict of interest or potential conflict of interest. In these situations of conflicts involving BMO Financial Group, we may be perceived to be financially motivated to encourage you to enter into transactions with other members of BMO Financial Group, or to enter into more

transactions with us to our benefit. We have adopted policies and procedures to identify and manage these conflicts to ensure we continue to always act in your best interests. We will only enter into these transactions where they are permitted under applicable securities laws. We separate different business functions as required by applicable securities laws and have procedures in place to prevent or manage material non-public information held by one business from being disclosed to another.

2.2 Related and Connected Issuers

We may advise you or exercise discretion to deal on your behalf with respect to securities issued by a related or a connected party (as defined in the **Related and Connected Issuers Disclosure** on [page 5](#) of this document).

This may create a conflict of interest since there is a potential risk that we may put our interests, or the interests of related and connected issuers ahead of yours when advising you or making decisions on your behalf with respect to the securities of such issuers.

We address this conflict of interest in the following manner:

- Our Investment Counsellors are compensated based on a fee, charged as a percentage of your total assets in your accounts, which does not incentivize them to make investments on your behalf in securities issued by a related or connected party over other securities.
- Recommendations or investments made in securities issued by a related or connected party are evaluated using the same process used to evaluate securities issued by a third party.
- Our investment decisions will be guided by your personalized Investment Policy Statement (**IPS**). We ensure that the suitability of positions in your account is reviewed on an initial and ongoing basis, in accordance with your account agreement.
- We disclose these conflicts so that you can independently assess if they are significant to you.

See also **Related and Connected Issuers Disclosure** on page 4 of this document and also Section 2.4 *Proprietary Products*.

2.3 Acting as Underwriter

For securities that we recommend or purchase on your behalf, an affiliate may have provided advice or acted as underwriter to the issuer and received fees and non-public material information from the issuer. We may be perceived to be financially motivated to purchase or advise on securities for which our affiliate is receiving other fees from the issuer. To address this material conflict of

interest, where our affiliate acts as underwriter for an issuance of securities, the offering document will contain a description of the nature of the relationship with the issuer. In addition, BMO Financial Group separates its institutional corporate finance business, which provides services to the issuer, and our retail advisory businesses, which provides services to you, as required by applicable securities laws, and has procedures in place to prevent or manage material non-public information held by one business from being disclosed to another. See also Section 2.2 *Related and Connected Issuers* above.

2.4 Proprietary Products

In the course of providing services to you, the investments that we determine are suitable for you may include securities and other investment products offered, managed or sponsored by us or companies associated or affiliated with us (**Proprietary Products**). We have a number of investment mandates that we may consider suitable for your investment strategy that include Proprietary Products. Proprietary Products included in our mandates may include, but are not limited to BMO Private Portfolios, other investment funds and pooled funds, alternative investments, deposits, or structured products. See **Related and Connected Issuers Disclosure** on [page 5](#) of this document for a more detailed list.

Investment mandates can include Proprietary Products and non-Proprietary Products. However, investment mandates established for your account may be limited to investments that are eligible to be held through BPIC, which may restrict the range of non-Proprietary Product alternatives available to you. Proprietary Products create an inherent conflict of interest since there is a potential risk that we may put our interests, or the interests of related entities ahead of yours when making such investment decisions. Generally, the suitability determination conducted by us and our Investment Counsellors will not consider the larger market of non-Proprietary Products or whether those non-Proprietary Products would be better, worse or equal in meeting your investment needs and objectives.

Where an investment mandate includes an investment fund or structured product, it will generally be a Proprietary Product. Proprietary Products may also include “fund-of-funds” and other investment structures that invest in Proprietary Products, including where affiliates of BPIC provide services at multiple levels of the investment structure. In these circumstances, affiliates of BPIC may receive fees or other compensation at more than one level of the product (i.e., at both the underlying fund level and the top-level fund or mandate). For example, the BMO Private Portfolios are publicly offered mutual funds that we manage and for which we engage related and unrelated sub-advisors to carry out investment strategies. BMO Trust Company, our affiliate, is the trustee of these funds. Our related sub-advisors and BMO Trust Company earn fees from providing services to the BMO Private Portfolios.

Certain Proprietary Products, and in some cases certain types of investments, are exclusively available through BPIC and may only be held in BPIC accounts. As a result, these investments cannot be transferred “in-kind” (i.e., the transfer of securities from one account to another) to an account outside of BPIC and instead will have to be liquidated prior to closing your account, which could cause delays.

We manage these conflicts by ensuring that the Proprietary Products and any non-Proprietary Products considered potentially appropriate for your account are subject to the same due diligence, selection and ongoing monitoring process. We will determine that investing in the Proprietary Products, and as appropriate a non-Proprietary Product, is suitable for you, puts your interest first and is guided by your IPS. Our Investment Counsellors are compensated based on a fee, charged as a percentage of the total value of your accounts, which does not incentivize them to invest you in mandates holding only Proprietary Products over other mandates. We also provide disclosure about the risks, fees and other information about Proprietary Products to the same extent as non-Proprietary Products and allow clients to place restrictions on any Proprietary Products they do not wish to be exposed to as part of their IPS.

In accordance with our written policies and procedures, as manager of BMO Private Portfolios, we manage conflicts of interest matters relating to the BMO Private Portfolios, including the BMO Private Portfolios securities issued by or traded by other members of BMO Financial Group and investing in securities underwritten by dealers that are members of BMO Financial Group, in the best interests of the BMO Private Portfolios. Under applicable securities laws we are required to identify and refer conflicts of interest matters to the Independent Review Committee for BMO Private Portfolios for its review and approval or recommendation, as applicable, and to ensure that the proposed action achieves a fair and reasonable result for BMO Private Portfolios. See also **Related and Connected Issuers Disclosure** on [page 5](#) of this document.

2.5 Derivatives Transactions with a Related Party

We, on behalf of BMO Private Portfolios, may enter into an over-the-counter (**OTC**) derivative transaction with a related party (i.e., Bank of Montreal or its affiliates) for: (i) a physically-settled foreign currency forward contract or foreign exchange spot transaction (**FX Transactions**); or (ii) a cash-settled OTC derivative transaction which references market prices of bonds or equity securities (**Cash-Settled OTC Derivatives Transactions**). In addition, on behalf of certain BMO Private Portfolios, certain third-party portfolio advisers may enter into FX Transactions or Cash-Settled OTC Derivatives Transactions with an entity related to BPIC.

When entering into Cash-Settled OTC Derivatives Transactions with an entity related to BPIC or a portfolio adviser or agent, BPIC must follow its Related Counterparty IRC SI and P&P.

2.6 Relationship with Other Issuers

BMO Financial Group affiliates may have a variety of relationships with unrelated issuers, such as commercial lenders and underwriters.

We may be perceived to be financially motivated to include the securities of these issuers in our investment mandates so that BMO Financial Group as a whole may benefit. To address this, we separate different business functions as required by applicable securities laws and have procedures in place to prevent or manage material non-public information held by one business from being disclosed to another. In addition, as required by applicable securities laws, an issuer's offering documents would provide disclosure regarding any relationships BMO Financial Group may have with the issuer. Our compensation arrangements are reasonably designed to not incentivize our Investment Counsellors to buy or recommend these securities over other securities. See *Section 2.3 Acting as Underwriter*.

2.7 Referral Arrangements

We may enter into arrangements where we receive or pay a referral fee for referring you to an affiliate or third party.

A conflict of interest may arise when paid referral arrangements influence Investment Counsellors to put their interests in growing their business or receiving referral fee revenue ahead of your interests. As required by applicable securities laws, the terms of the referral arrangement will be set out in writing, you will be provided with disclosure of the arrangement and, prior to the referral, we will satisfy ourselves that the other party has the appropriate qualifications to provide the specific services to you. We have policies and procedures that are reasonably designed to ensure fees received are appropriate and do not encourage undue incentives. We undertake periodic reviews of our referral arrangements. You do not pay any additional charges and fees in connection with such referrals and are not obligated to purchase any product or service in connection with a referral. For further details of the referral arrangements among certain members of BMO Financial Group, see also "Referral Fee" within the terms and conditions available at <https://www.bmo.com/privatebanking/popups/terms-and-conditions>.

2.8 Sales Practices, Internal Compensation Arrangements and Incentive Practices

We are compensated by providing products and services to you for which you pay us. Our Investment Counsellors are compensated by a fee charged as a percentage of total assets in your account. In addition, our Investment Counsellors receive compensation for sales, achievements and referrals.

Investment Counsellors may also be reimbursed by investment fund managers for the direct costs incurred in connection with sales communications, investor conferences or investor seminars prepared or presented by BPIC.

Our Investment Counsellors may be perceived to be financially motivated to make investments that provide them with better compensation. We address this potential conflict of interest in a variety of ways. Our fee compensation is product neutral and does not incentivize Investment Counsellors to make investments for you in particular securities. Lower fee percentages are charged at specific thresholds reached as your investments grow in your account or you invest additional amounts. Our management fees are disclosed to you in advance. We also review the suitability of the investment strategy of all accounts for new clients and periodically for existing clients.

When compliance or supervisory staff compensation is tied to sales or revenue, it may cause these individuals to put their own interests ahead of your interests and their oversight obligations. The compensation of our compliance and supervisory staff is not tied to sales or revenue. See also *Section 2.7 Referral Arrangements*.

2.9 Fee-Based Accounts and Trailing Commissions

Including securities that pay us trailing commissions in fee-based accounts could result in double-charging. We do not cause your account to invest in securities that pay us a trailing commission. If you transfer into your account any securities that pay us a trailing commission, the value of such securities is removed from the calculations of the fees you pay us.

2.10 Personal Financial Dealings with Clients

A conflict of interest may arise when an Investment Counsellor has personal financial dealings with you, including when they are appointed as a trustee or granted a power of attorney and have control or authority over your financial affairs or receive a loan or an inheritance from you. Purchasing assets from you, such as real estate or collectibles, outside the normal course of business also raises inherent conflicts of interest. Since these dealings could cause the Investment Counsellor to put their interests ahead of yours when taking any investment action, we have policies and procedures in place that generally prohibit personal financial dealings with clients who are not family members.

2.11 Use of Client Brokerage Commissions

"Soft dollars" refers to the practice of directing client brokerage commissions to a dealer in return for the provision of goods and services, other than order execution.

Our selection of a dealer, intermediary and/or a marketplace to execute a trade may create a potential or perceived conflict of interest because of the potential risk that we may direct trades to a dealer, intermediary and/or a marketplace in return for goods and services that benefit us and not you. To address this conflict of interest, we have developed a Soft Dollars Policy and it is also addressed through our compliance with applicable securities laws, including National Instrument 23-102 – *Use of Client Brokerage Commissions*.

We do not use client brokerage commissions to pay for order execution goods and services, or research goods and services provided by third parties.

2.12 Outside Activities (OA)

Some of our Investment Counsellors and other personnel may participate in activities, interests or associations outside the firm (OAs). OAs may include acting as a director, officer, shareholder, owner or partner of a company that is affiliated or associated with us or of another entity that is not affiliated with BMO.

Certain OAs may create a conflict between the personal interests of the individual engaging in the activity and the interests of BPIC and our clients, as they may result in the individual putting their interest or an outside organization's interest ahead of their client's interests, particularly if compensation is received. In addition, some OAs may cause the participant to have potential fiduciary obligations to another entity. Conflicts may also arise because of the time commitment required, or the position held by the Investment Counsellor or other participant. Other types of OAs would include having a private investment in a company or participating in community events.

To address this conflict of interest, we have policies and procedures in place to review any proposed OA to ensure that conflicts of interest do not exist, are not likely to exist in the future or can be mitigated in a manner that is consistent with your best interest; otherwise the proposed OA must be avoided. Any OA by Investment Counsellors must be pre-approved by us. If the OA related to an investment in a security presents a potential conflict with you, we will disclose it before investing in the security.

2.13 Fair Valuation

Our fees are based on the value of assets under management in client accounts.

As a result, there is a potential conflict of interest with respect to the valuation of the assets because a higher value results in higher fees paid to us. Overstating the value of the assets may also misleadingly create improved performance.

To ensure fair valuation of securities in client accounts, we have developed and implemented policies and procedures that are designed to accurately determine how securities held in client portfolios are priced. Security price information is kept consistent and one price for the same security is used for all client reporting, fees reporting, and credit margining. We have also established a pricing committee which meets quarterly to provide governance and oversight for client asset pricing activities.

2.14 Fair Allocation of Investment Opportunities

We have a duty to treat all clients fairly and equitably, act in their best interest at all times, and ensure fairness in allocating investment opportunities among our clients.

The decision as to which accounts should participate in investment opportunities, and in what amount, may create a potential or perceived conflict of interest when, for example, the investment opportunity is attractive but the amount of securities available for

purchase is not sufficient to meet what would otherwise be the overall demand in respect of the opportunity.

We have developed and implemented policies and procedures to address the potential conflict of interest among client accounts by taking into account a number of relevant factors in order to allocate trades and distribute securities equitably. All accounts receive similar treatment, and no accounts are given preferential treatment.

The decision whether to include a particular client in an investment opportunity is based on the client's suitability. Securities are allocated to client accounts for which trade orders are initiated. In situations where purchases or sales of securities are pooled or blocked for multiple client portfolios, partial fills are allocated on a pro rata basis. The average share price of a block trade, either full or partial fill, is used in the allocation of trades to accounts. Commissions charged are in accordance with our Fee Schedule.

2.15 Proxy Voting

We may, in our sole discretion, exercise the right to vote a proxy or enlist another company, which may include an affiliated company, to vote the proxy in respect of securities in your account. A conflict of interest may arise if BMO, its personnel, or another related entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. When voting on behalf of a group of clients, there is also the possibility that a voting decision may be in the best interest of some, but not all clients.

To address this conflict, we have established a Proxy Voting Policy designed to reasonably ensure that proxy voting responsibilities are in compliance with applicable laws and regulations and in your best interests.

If you would like to direct your vote in a particular solicitation, you may do so by submitting your specific request in writing and sending it directly to your Investment Counsellor. Any proxy vote that pertains to BMO or its affiliates shall represent the business judgment of the proxy voter, uninfluenced by considerations other than in your best interests, in accordance with our policies and procedures. You may request a copy of our Proxy Voting Policy or learn how proxies were voted in respect of your account by contacting your Investment Counsellor.

2.16 Personal Trading

While there is a risk that our employees, including Investment Counsellors, could potentially use non-public information about you, and the securities in your account, for their personal trading, all employees are prohibited from accessing non-public information of our clients for their direct or indirect personal benefit.

Our Code and other policies are designed to ensure that our Investment Counsellors and certain other employees with access to trading information act in accordance with applicable securities laws

and that they do not engage in personal securities transactions that are prohibited, such as insider trading. This may include seeking pre-approval prior to making trades in their personal securities accounts. We place shares on a “restricted list” to prevent trading when we have non-public information. We review on a regular basis securities transactions made in our Investment Counsellors’ and certain other employees’ personal securities accounts.

BPIC personnel with external personal trading accounts that are not exempt from disclosure must submit a copy of their brokerage statements for all such accounts where they are deemed to have a beneficial interest. Statements are verified against any trading requests submitted to ensure compliance.

2.17 Borrowing to Invest

If a member of BMO Financial Group lends you money, they may earn revenue from the investment and/or the lending activity itself. To address this conflict of interest, we have policies and procedures in place to ensure a heightened level of due diligence is conducted when a “borrow to invest” strategy is recommended to you or your Investment Counsellor becomes aware of such strategy. We provide you with disclosure of the potential risks and costs associated with borrowing money to invest.

2.18 Gifts and Entertainment

We and our Investment Counsellors may receive offers of gifts and/or entertainment from business partners. We may be perceived to be financially motivated to put our interests ahead of your interests because of these gifts and/or entertainment. To address this conflict of interest, employees are required to comply with our Code, which requires employees not to accept any gift or entertainment which is intended to improperly influence a business decision. In addition, Investment Counsellors are obligated by applicable regulations and policies and procedures to make only suitable investments and recommendations.

3. Review

We will notify you of any significant changes to this Conflicts of Interest Statement by posting an updated version on our website at <https://www.bmo.com/en-ca/main/privatewealth/terms-and-conditions/private-banking/>. We will also notify you by sending a notice explaining the updates via portal, email, or postal mail.

4. Further Inquiries

If you have any questions about this Conflicts of Interest Statement, please contact your Investment Counsellor.

Related and Connected Issuers Disclosure

BMO Private Investment Counsel Inc. may deal with or for you in securities transactions where the issuer of the securities is related or connected to us. Securities laws require us to inform you of any issuers related or connected to us.

- An issuer is **related** to us if we are an influential securityholder of theirs, or they are an influential securityholder of ours, or if we have a common influential securityholder.
- An issuer is **connected** to us where a reasonable prospective purchaser of their securities might question the issuer’s independence from us, a party related to us, one of our directors or officers or a director or officer of our related party.

Bank of Montreal

We are a wholly-owned indirect subsidiary of Bank of Montreal. Bank of Montreal is a reporting issuer with securities listed and trading on the Toronto Stock Exchange and the New York Stock Exchange. Since Bank of Montreal is an influential securityholder of ours it is considered to be a related party and where its securities are being distributed to the public it would be considered to be a connected party under applicable securities laws.

Issuers and Investment Funds

The following are also considered to be issuers that are related and/or connected to us:

- the mutual funds in the BMO Private Portfolios group of funds which are managed by us;
- the mutual funds in the BMO Mutual Funds group of funds which are managed by our affiliate BMO Investments Inc.;
- the exchange-traded funds in the BMO Exchange-Traded Funds group of funds which are managed by our affiliate BMO Asset Management Inc. (**BMO AM**);
- the pooled funds in the BMO AM Pooled Funds group of funds which are managed by our affiliate BMO AM;
- the alternative funds in the BMO AM Alternative Funds group of funds which are managed by BMO AM; and
- such issuer corporations as may in certain circumstances be deemed to be connected issuers under applicable securities laws when our affiliate BMO Nesbitt Burns Inc. or other affiliates are members of the underwriting group for a new issue of securities.

Additionally, the following affiliates act as portfolio managers or sub-advisors to certain of these investment funds: BMO AM and BMO Capital Markets Corp.

Where to Find Information

Where we advise you with respect to the purchase or sale of securities of a related and/or connected issuer we will notify you of our relationship with the issuer when giving you the advice.

Principal Trading

In certain instances where we exercise discretion on your behalf, securities purchased for you may be bought from a party affiliated or associated with us or, in the course of distribution, a connected party. A party is affiliated or associated with us if we beneficially own, directly or indirectly, securities carrying more than 10% of the voting rights of the party, or if the party is a trust, it is associated with us if we have a substantial beneficial interest or we, or another party in a close relationship to us such as one of our salespeople, directors or officers serve as trustee.

This may create a conflict of interest since there is the potential that we put our interests, or the interests of related and connected issuers, ahead of yours when making such trades. We have addressed this conflict through policies and procedures designed to consider factors including the available bid-ask prices.

Custody

BMO Trust Company (BMTc) acts as the custodian (the **Custodian**) for your cash and securities.

This may create a conflict of interest since BMTc is a related entity of BPIC and there is the potential that we put our interests, or the interest of BMTc, ahead of yours.

We have addressed this conflict by conducting due diligence on BMTc as if it were not a related entity.

Relationships with other Members of BMO Financial Group

Disclosure of Related Registrants

Bank of Montreal either directly or indirectly through its subsidiaries, controls, and certain of our officers and directors are also directors and officers, of certain of the following Canadian registrants: BMO Asset Management Inc.; BMO Nesbitt Burns Inc.; BMO Investments Inc., BMO Nesbitt Burns Securities Ltd., Burgundy Asset Management Ltd. and BMO InvestorLine.

In connection with our ongoing business activities, we may obtain or provide management, administrative, referral and/or other services to or from the following affiliates: Bank of Montreal; BMO Asset Management Inc.; BMO Asset Management Corp., BMO Capital Markets Corp.; BMO Capital Markets Limited; BMO Financial Advisors Inc.; BMO Nesbitt Burns Inc.; BMO Estate Insurance Advisory Services Inc.; BMO Investments Inc.; BMO InvestorLine Inc.; BMO Nesbitt Burns Securities Ltd., Burgundy Asset Management Ltd., BMO Trust Company, LINK Investment Management Inc. and LINK Plan Management Inc.



BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, and philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. Estate, trust, and custodial services are offered through BMO Trust Company. Insurance services and products are offered through BMO Estate Insurance Advisory Services Inc., a wholly-owned subsidiary of BMO Nesbitt Burns Inc. BMO Private Wealth legal entities do not offer tax advice. If you are already a client of BMO Nesbitt Burns Inc., please contact your Investment Advisor for more information. BMO Nesbitt Burns Inc. is a Member – Canadian Investor Protection Fund and is a Member of Canadian Investment Regulatory Organization. BMO Trust Company and Bank of Montreal are Members of CDIC.

"BMO (M-bar roundel symbol)" is a registered trademark of Bank of Montreal, used under licence.